

# Budget & Financial Plan For FY17

March 15, 2016



# Outline of Presentation

- ✔ Budget approach & documentation changes
- ✔ Homestead changes
- ✔ Current budget pressures
- ✔ Significant budget highlights
- ✔ Impact of submitted budget
- ✔ Bottom line of CM recommendations
- ✔ Menu to get to zero
- ✔ Conclusion





# Approach to Budget

- ✓ Approach to budget
  - Long term view
  - Make tough decisions today for the benefit of long term
  - Monopoly: must push for continuous improvement





# Changes to Budget Document

- Detailed document
  - Designed to be easy to read by lay person
  - 3 year expenditure history
  - Detailed for every line item
  - Several summary levels
- Designed to answer the questions of what is in the budget and why
- Includes all TIF funded positions in budget

Revised 3/15/2016

*City of Biddeford, Maine* Budget: Mayor/Council  
 FY2017 Account Number: 21101

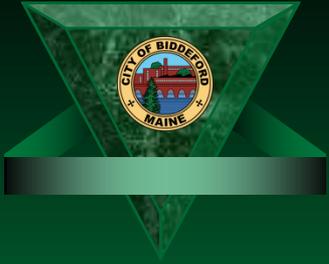
	FY14	FY15	FY15	FY16	FY16	FY2017		
	Spent	Budget	Spent	Budget	Yr to Date Spent thru 3/14/2016	Dept Head	Manager's Rec	City Council Rec
Personal Services	\$27,070	\$28,801	\$26,498	\$28,818	\$21,621	\$28,168	\$27,840	
Purchased Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Utilities & Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating Costs	\$1,794	\$2,500	\$732	\$2,500	\$2,935	\$2,500	\$4,500	
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Social & Municipal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>TOTALS:</b>	<b>\$28,864</b>	<b>\$31,301</b>	<b>\$27,230</b>	<b>\$31,318</b>	<b>\$24,556</b>	<b>\$30,668</b>	<b>\$32,340</b>	<b>\$0</b>

**Graphic Representation**

**FRINGE BENEFIT IMPACT (Estimated):**

FICA	\$1,890
Workers Comp	\$500
Health Insurance	\$0
Retirement	\$0
Unemployment	\$0
Other Insurance	\$0
# of Full Time Employees	0.00
<b>Total Fringe Benefit Impact</b>	<b>\$2,390</b>

	FY16 Budget	FY17 Manager's Rec	Dollar Change	Percentage Change
Personal Services:	\$28,818	\$27,840	(\$978)	-3.40%
Purchased Services	\$0	\$0	\$0	N/A
Utilities & Fuel	\$0	\$0	\$0	N/A
Operating Costs	\$2,500	\$4,500	\$2,000	80.00%
Capital Outlay	\$0	\$0	\$0	N/A
Social & Municipal Services	\$0	\$0	\$0	N/A
<b>TOTALS:</b>	<b>\$31,318</b>	<b>\$32,340</b>	<b>\$1,022</b>	<b>3.26%</b>

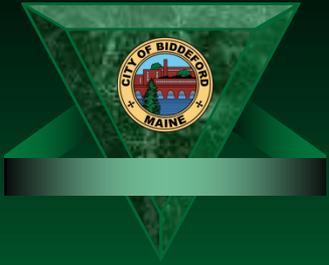


# Detailed Summary Sheet

Revised 3/15/2016

## FY2017 Personnel Services

Account Number	Description	FY14 Spent	FY15 Budget	FY15 Spent	FY16 Budget	FY16 Yr to Date Spent	FY2017	
							Dept Head	Mgr's Rec
60101	Dept Head Salary	\$10,000	\$10,000	\$10,000	\$10,000	\$7,500	\$10,000	\$10,000
60106	P-T Employee Wage	\$431	\$1,500	\$0	\$1,500	\$1,438	\$1,000	\$750
60121	Annual Stipend Pay	\$14,715	\$14,715	\$14,615	\$14,730	\$10,830	\$14,700	\$14,700
60201	FICA/Medicare Employer Shar	\$1,924	\$2,011	\$1,883	\$2,013	\$1,512	\$1,968	\$1,890
60202	MPERS-Employer Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60203	457 Employer Share	\$0	\$75	\$0	\$75	\$0	\$0	\$0
60210	HPHC Ins Employer Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60212	S-T Disability ER Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60213	L-T Disability ER Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60217	RHSA Plan ER Share	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60251	Conference/Training	\$0	\$500	\$0	\$500	\$341	\$500	\$500
<b>Totals</b>		<b>\$27,070</b>	<b>\$28,801</b>	<b>\$26,498</b>	<b>\$28,818</b>	<b>\$21,621</b>	<b>\$28,168</b>	<b>\$27,840</b>



# Detailed Expenditure Line Sheet

DEPARTMENT PERSONAL SERVICES BUDGET WORKSHEET  
Fiscal Year 2017 BUDGET

DEPARTMENT: 21101 Mayor/Council

CLASSIFICATION	RANGE	POSITION	YE AREND	CITY MANAGER	COUNCIL	NAME
			ANNUALIZED			
Mayor		1	10,000	10,000	10,000	
Councilors		9	1200	10800	10800	
Auditor		1	3,900	3,900	3,900	

TOTAL BUDGETED POSITIONS	<b>11</b>	<b>15100</b>	<b>24700</b>	<b>24700</b>
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Fiscal Year 2017  
Budget Request

March 15, 2016

Department: Mayor/Council

Account Title: Dept Manager Salary Exp

Department Number: 21101

Account Number: 60101

FY 2014 Actual	FY 2015 Budget	FY 2015 Actual	FY 2016 Budget	FY 2016 Est. Expended
\$9,999.96	\$10,000.00	\$9,999.96	\$10,000.00	\$10,000.00

FY-2017 Budget	Department Request	City Mgr Recommendation	Council Action	Increase (Decrease)
	\$10,000.00	\$10,000.00		\$0.00

**Support for Budget Request:** Provide justification for the budget request using as much detail as possible to support it. Examples of acceptable support include unit costs, quantity estimates, price quotes, etc. Requests based solely on a percentage increase above the previous budget will not be accepted. Use additional sheets if necessary.

Mayor's annual salary as specified by Charter.



# Homestead Exemption

## ▼ State Law increased

- Was \$10,000
- By \$5,000 in 2017
  - \$16,250,000 reduction in city value
  - About \$0.15 on tax rate
- By \$5,000 in 2018
  - Same impact

## ▼ Impact on home

- Saves \$97.35 on each home (current rate)
- \$29.40 increase average home (net of \$67.95 savings)



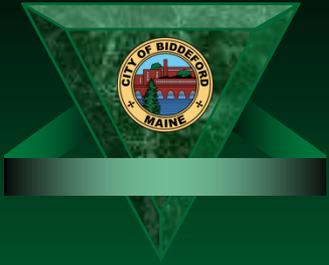
# Major Expenditure Drivers

✔ Salaries/Wages	\$ 746,375
✔ Overtime Increases	\$ 163,387
✔ Benefits	<b>\$0.83 on tax rate</b> \$ 308,355
✔ RHS Payment	\$ 71,417
✔ Debt Service & Lease Payments	\$ 196,849
✔ Decline in Building Permits	\$ 225,000
✔ Decline in Recycling Revenue	\$ 45,000
✔ Longevity/Severance Payouts	<u>\$ 100,000</u>
✔ <b>Totals</b>	<b>\$1,856,383</b>



# Paying Now Instead of More Later

- ✓ Council deliberate direction to address unfunded, growing long term liabilities
- ✓ Longevity, severance payment
  - \$483,710 liability
  - Paid in 401A instead of wages; savings of \$80,881.67
  - Current amount owed paid out over 4 years
  - Annually paid as earned, at current rate of pay
- ✓ Retirement health insurance benefit
  - \$10,054,660 as of 7.1.14, growing approximately \$1,000,000 annually
  - \$1,165,076 reduced with Police and PWD contracts

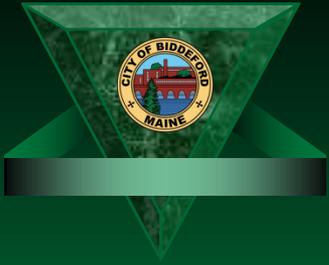


# Capital Improvement Funding

## ▼ *Total Capital Assets of City (all funds)*

*On June 30, 2015...*

– Land	\$ 8,050,730
– Construction in progress	\$ 2,197,902
– Buildings and improvements	\$ 81,995,667
– Vehicles and Equipment	\$ 30,833,692
– Infrastructure	<u>\$ 72,794,341</u>
Totals	\$195,872,332



# GASB 34

- ✓ GASB 34 reporting requirement
  - Fairly new requirement; 11 years old
  - Requires reporting of all capital assets and the depreciation on those capital assets
- ✓ Depreciation on current assets
  - Between \$1,000,000 to \$2,000,000 annually
- ✓ Capital Investment (not including bonding and lease/purchases)
  - \$260,416 budgeted in FY16
  - \$337,700 budgeted in FY15



# Capital Discussion

- ✓ As submitted
  - Includes \$625,935 for capital, non-lease, non-bonding
- ✓ As a policy discussion
  - Should we spend annually \$0.50 from tax rate on capital?
  - \$1,120,691 of funding
- ✓ If implemented in FY17, an additional \$494,756 would be needed



# Sewer Capital

- ✔ Sewer rate has remained unchanged for 7 years
- ✔ Budget as submitted does not require a rate increase
- ✔ Consider raising base rate by \$7.50 a quarter
  - All funds for capital
  - Generate approximate \$120,000





# Included in Submitted Budgets

- ✔ CALEA (The Commission on Accreditation for Law Enforcement Agencies) funding
- ✔ Shuttle for beach access in summer
- ✔ All bargained wages (Police, Public Works)
- ✔ Non-union adjustments
  - COLA of 1.0%
  - Merit funding of 1.5%
- ✔ Funding for longevity/severance pay





# Staffing Changes

## ✓ Assessing

- Replace part-time assistant assessor (retiring)
  - Elevate personal property appraiser to assistant assessor
- Replace personal property appraiser (effective 10.1)
- Eliminate ½ administrative assistant position

## ✓ Net reduction of 0.5 position; overall cost less





# Staffing Changes

- CALEA civilian position in Police
- 0.5 administrative support in Recreation
- Conversion of contractual employee in Economic Development to FT\*
- Conversion on intern in Economic Development to FT (effective 1.1.17)\*

\*TIF funded





# Department Head Submittals

City operations only

## Operational budget

- ✔ \$29,849,122
  - \$1,566,169 increase
  - 05.53% increase

## Capital budget

- ✔ \$2,324,607
  - \$2,064,191 increase
  - 792.65% increase
- ✔ Would have required a \$1.38 increase in taxes





# City Manager Submitted Budget

City operations only

Operational budget

✔ \$29,645,992

– \$842,207 increase

– 2.97% increase

Capital budget

✔ \$676,935

– \$416,521 increase

– 159.94% increase





# Submitted Budget Tax Rate Impact

- ✓ Requires tax increase of \$0.30 or 1.52% increase (\$0.15 because of Homestead)
- ✓ Requires \$344,856 in new property tax dollars
- ✓ On average (medium) home\*, requires \$30.12 more annually

\*\$211,000 assessed value



# Holding the Line

- ✓ *\$344,856 needed to raise same amount by taxes*
  - *Still cause a \$0.15 increase in tax rate because of homestead*
- ✓ *Implement reorganization*
  - *\$173,874 reduction or \$0.08*
- ✓ *Implement solid waste policy change*
  - *\$171,000 reduction of \$0.08*
- ✓ *Reduce capital to FY16 rates*
  - *\$416,521 reduction or \$0.19*



# New Solid Waste Policy?

- ✓ Eliminate trash pick up for commercial real estate
  - Existing policy considers apartments as ‘*non-business*’
  - If considered commercial:
    - Eliminate pick up (and tipping fee) for 3 unit apartments or more
  - Exempt any owner occupied apartments
- ✓ Allow collection by 2 automated packers
  - Eliminate 2 positions in budget    \$136,000
  - Tipping fee saved                        \$ 45,000
  - Impact of more expensive trucks    (\$10,000)

**Total Savings Annually \$171,000**



# Unresolved Policy Issues

- ✓ Public Access Budget
  - \$9,126 unbalanced
  - \$265,000 expected revenues
  - \$274,126 budget, very tight
- ✓ Airport Budget
  - \$63,073 unbalanced
  - \$594,878 revenues
  - \$657,951 expenses
- ✓ Capital Details





# What Is Next?

*Suggest change to process to allow more Council time to deliberate*

- ✓ Public overview (tonight)
- ✓ General overview by City Manager/Finance Director (March 17)
- ✓ Night of Q & A of department heads (March 29)
  - No formal department head presentation
- ✓ 4-6 weeks of Council deliberation
- ✓ May 17 Target Date for adoption



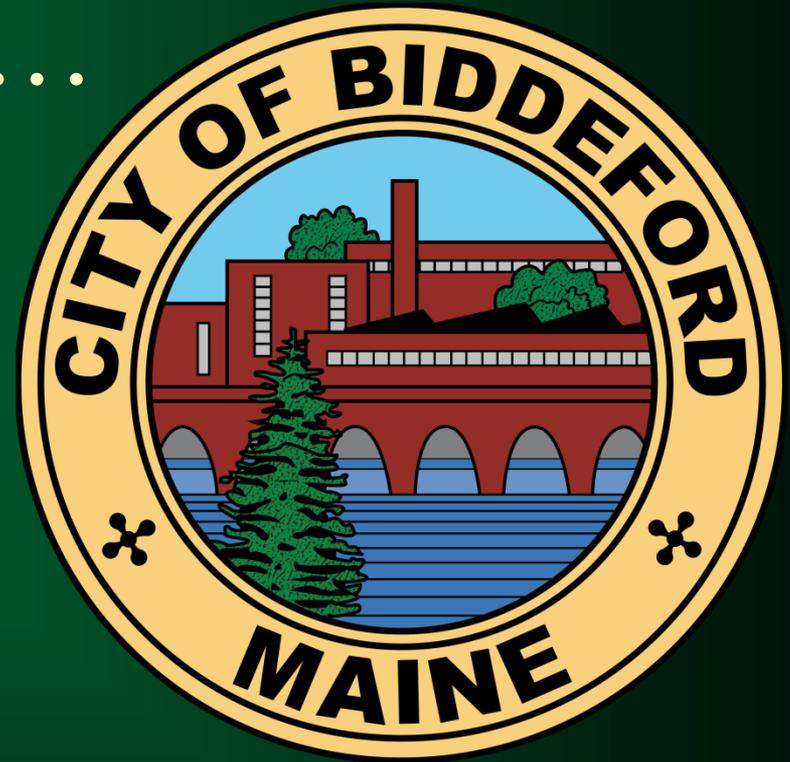
# Concluding Comments

- ✓ Starting point in the budget process
  - Fully expect changes based on Council directive
- ✓ Staff role
  - Assist in understanding the document
  - Limited advocacy
  - Transition to assist to a conclusion
- ✓ Document available online
- ✓ Expression of appreciation
  - Curt Koehler, Mike Wilson, Gerry Matherne,  
Department Heads, All Finance staff



# Biddeford is...

- ✔ Leading the way...
- ✔ On the verge of connecting the hard work of the last few years in a tangible, visible way...
- ✔ It is the place to be for the next few years, whether you live or work here!



**BIDDEFORD**  
Leading The Way